Cost as an Independent Variable (CAIV)

Status of Implementation

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Dr. Al Rainis

Outline of Presentation

- **AR-Day feedback categories**
- **Data Source: CAIV Plans for ACAT I Programs**
- **Data Source: CAIV Plans for other programs**
- **Data Source: Flagship Programs**
- **Instructional Material**
  - **Deskbook Section**
  - **Defense Acquisition University**
- **Status of Implementation by Components**
- **O&S Costing Improvements**

Interest Areas: Acquisition Reform Day

- **Education & training**
- **Stabilization of programs using CAIV**
- **Incorporation of CAIV in Service regulations**
- **Improvement of Cost Estimating Models**

CAIV Plans: Data Source

- ## Pre-Milestone II CAIV Plans

  - Plans have been reviewed by group constituted from DoD components

  - Feedback to individual PMs prepared and in final discussion

- ## Post-Milestone II

  - Majority of Plans have been submitted

  - Remainder will be submitted on event-driven schedule

Flagship Programs: Data Source

- **Five Workshops have been held**
  - Program Structuring for CAIV
  - Setting Aggressive Cost Targets for CAIV
  - Unit cost tracking/Metrics
  - CAIV Requirements & Cost/Performance Trades
  - CAIV Risk Management
- **IDA Report on observations by end of April**
  - Not "lessons learned": implementation is proceeding but result of actions taken not apparent yet
  - Incorporate "ideas" into Deskbook, as appropriate

Flagship Programs: Planned Events

- **Two more Workshops in FY1997**
  - **Incentives for Government-side**
  - **Helping programs (e.g., like Pilot Program Status) to implement CAIV**
- **Visits to selected contractors to gain understanding of their approach to CAIV**

CAIV Instructional Material

- **Deskbook section**
  - **Released in December 1996 edition**
    - **Links to Design to Cost and Earned Value**
  - **Planning has started for update to include Value Engineering Change Proposals**
- **Defense Acquisition University**
  - **Systems Planning, Research & Development, Engineering Functional Boards**
    - **"Drop-in" modules on Risk Management and CAIV**
    - **CAIV concept integrated into modules for all courses**
  - **CAIV part of Acquisition Reform Activities: case studies**
- **Development of separate CAIV core module started**

Status of Implementation by Components

- **All components are participating in Flagship program**

- **BMDO has initiated discussions on the development of a CAIV policy**

- **Army has draft implementation and policy in review (Already in AR 70-1 and AR 71-9)**

- **Navy completed review of ACAT I & II CAIV Plans**
  - **Will be documented in ASN(RDA) Quarterly Review**
  - **Long term program on cost of ownership through strategic planning process**

- **Air Force Service Acquisition Executive planning:**
  - **AF-only CAIV conference to get to common definition**
  - **Request product centers and development planners to be focal points for CAIV education**

O&S Costing Improvements: CAIG

- **Visibility & management of O&S Costs (VAMOSC)**
  - Most complete source of DoD O&S costs
  - Essential for CAIV initiative
- **Corporate Information Management-funded Business Process Review**
- **Improvements to VAMOSC funded: $4M**
  - Data now available on Internet from all three Army systems
  - Army expanding data coverage to include contract maintenance
  - Navy building relational database
  - Air Force focus is on customer interface improvements
- **DAES briefings**
  - Highlight O&S cost to Senior Acquisition Executives
  - Provide insight and identify opportunities